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Proposed Local Reorganization Counsel for  
Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re:

NORTHERN NV ACQUISITIONS, LLC

- ☐ Affects this Debtor
- ☐ Affects all Debtors
- ☐ Affects Reno Land Holdings, LLC
- ☐ Affects River Central, LLC
- ☐ Affects Tropicana Station, LLC
- ☐ Affects FCP Holding, Inc.
- ☐ Affects FCP Voteco, LLC
- ☐ Affects Fertitta Partners LLC
- ☒ Affects Station Casinos, Inc.
- ☐ Affects FCP MezzCo Parent, LLC
- ☐ Affects FCP MezzCo Parent Sub, LLC
- ☐ Affects FCP MezzCo Borrower VII, LLC
- ☐ Affects FCP MezzCo Borrower VI, LLC
- ☐ Affects FCP MezzCo Borrower V, LLC
- ☐ Affects FCP MezzCo Borrower IV, LLC
- ☐ Affects FCP MezzCo Borrower III, LLC
- ☐ Affects FCP MezzCo Borrower II, LLC
- ☐ Affects FCP MezzCo Borrower I, LLC
- ☐ Affects FCP PropCo, LLC

Chapter 11

Case No. BK-09-\_\_\_\_\_  
Jointly Administered

**MOTION PURSUANT TO 11 U.S.C.  
§§ 105(a), 363(b) AND 507(a) FOR  
INTERIM AND FINAL ORDERS  
(i) AUTHORIZING PAYMENT OF  
WAGES, COMPENSATION AND  
EMPLOYEE BENEFITS, AND  
(ii) AUTHORIZING AND DIRECTING  
FINANCIAL INSTITUTIONS TO  
HONOR AND PROCESS CHECKS  
AND TRANSFERS RELATED TO  
SUCH OBLIGATIONS**

Hearing Date: July 30, 2009  
Hearing Time: 1:30 p.m.  
Place: 300 Booth Street  
Reno, NV 89509

1 TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

2 Station Casinos, Inc. ("SCI") and its affiliated debtors and debtors in possession  
 3 (collectively, the "Debtors" or "Station")<sup>1</sup> in the above-captioned chapter 11 cases, hereby  
 4 submit this motion (the "Motion") for interim and final orders pursuant to sections 105(a), 363(b)  
 5 and 507(a) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the  
 6 "Bankruptcy Code"), (i) authorizing the Debtors to pay certain prepetition employee-related  
 7 obligations and continue their employee benefit programs postpetition and (ii) authorizing and  
 8 directing the Disbursement Banks (as defined below) to receive, honor and pay all checks and  
 9 electronic payment requests drawn on the Debtors' disbursement accounts and automatic payroll  
 10 transfers related to such employee-obligations and, in support of the Motion, respectfully  
 11 represent as follows:

## 12 13 LEGAL MEMORANDUM

### 14 I. Background

15 1. The Debtors commenced these chapter 11 cases on July 28, 2009 (the  
 16 "Petition Date"). SCI and its non-debtor subsidiaries (collectively, the "Station Group")  
 17 constitute a gaming entertainment enterprise that owns and operates under the "Station" and  
 18 "Fiesta" brand names ten major hotels/casinos (two of which are 50% owned) and eight smaller  
 19 casinos (three of which are 50% owned) in the Las Vegas metropolitan area. The Station Group  
 20 owns ten of the hotels/casinos' underlying real property in fee and leases the underlying real  
 21 property for Texas Station Gambling Hall & Hotel ("Texas Station"), Wild Wild West Gambling  
 22 Hall & Hotel ("Wild Wild West"), Barley's Casino & Brewing Company ("Barley's"), and The  
 23 Greens Gaming and Dining ("The Greens"). Debtor FCP PropCo, LLC ("FCP PropCo") owns  
 24 the underlying real estate for Palace Station Hotel & Casino ("Palace Station"), Sunset Station  
 25

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26 <sup>1</sup> The Debtors in these chapter 11 cases are Northern NV Acquisitions, LLC, Reno Land Holdings, LLC,  
 27 River Central, LLC, Tropicana Station, LLC, FCP Holding, Inc., FCP Voteco, LLC, Fertitta Partners LLC,  
 28 Station Casinos, Inc., FCP MezzCo Parent, LLC, FCP MezzCo Parent Sub, LLC, FCP MezzCo Borrower  
 VII, LLC, FCP MezzCo Borrower VI, LLC, FCP MezzCo Borrower V, LLC, FCP MezzCo Borrower IV,  
 LLC, FCP MezzCo Borrower III, LLC, FCP MezzCo Borrower II, LLC, FCP MezzCo Borrower I, LLC,  
 and FCP PropCo, LLC.

Hotel & Casino (“Sunset Station”) and Red Rock Casino Resort Spa (“Red Rock”). FCP PropCo owns a portion of the underlying real property for Boulder Station Hotel & Casino (“Boulder Station”) and also leases a portion of Boulder Station’s underlying real property. Station California, LLC (“Station California”), a non-debtor subsidiary of SCI, manages a casino for a Native American tribe. As of July 17, 2009, the Station Group had approximately 13,174 employees, and the Debtors had approximately 663 employees. The Station Group’s growth strategy includes the master-planned expansions of its existing gaming facilities in Nevada, the development of gaming facilities on certain real estate that the Station Group now owns or is under contract to acquire in the Las Vegas valley and Reno, Nevada, the evaluation and pursuit of additional acquisition or development opportunities in Nevada and other gaming markets, and the pursuit of additional management agreements with Native American tribes.

2. The Station Group owns and operates: (i) Palace Station, (ii) Boulder Station, (iii) Texas Station, (iv) Sunset Station, (v) Santa Fe Station Hotel & Casino, (vi) Red Rock, (vii) Fiesta Rancho Casino Hotel, (viii) Fiesta Henderson Casino Hotel, (ix) Wild Wild West, (x) Wildfire Casino, (xi) Wildfire Casino – Boulder Highway, formerly known as Magic Star Casino, (xii) Gold Rush Casino, and (xiii) Lake Mead Casino.

3. The Station Group also holds a 50% interest in the non-debtor entities that own and operate: (i) Green Valley Ranch Resort Spa Casino (“Green Valley Ranch”), (ii) Aliante Station Casino & Hotel (“Aliante Station”), (iii) Barley’s, (iv) The Greens, and (v) Wildfire Casino & Lanes, formerly known as Renata’s Casino.

4. Each of the Station Group’s casinos caters primarily to local Las Vegas area residents. The Station Group markets the eight “Station” casinos (including Green Valley Ranch, Red Rock and Aliante Station) together under the Station Casinos brand and the two “Fiesta” casinos under the Fiesta brand, offering convenience and choices to residents throughout the Las Vegas valley with its strategically located properties. In addition, Station California manages Thunder Valley Casino in Northern California on behalf of the United Auburn Indian Community.

5. As of June 30, 2009 and based on a general ledger book value, the Debtors owned assets valued in the aggregate in excess of approximately \$5.7 billion and had debt and other liabilities of approximately \$6.5 billion.

6. SCI is a privately held company whose shares are held by Debtors Fertitta Partners LLC, FCP Holding, Inc. and FCP VoteCo, LLC. FCP MezzCo Parent, LLC, FCP MezzCo Parent Sub, LLC, FCP MezzCo Borrower VII, LLC, FCP MezzCo Borrower VI, LLC, FCP MezzCo Borrower V, LLC, FCP MezzCo Borrower IV, LLC, FCP MezzCo Borrower III, LLC, FCP MezzCo Borrower II, LLC, FCP MezzCo Borrower I, LLC, and FCP PropCo, LLC (collectively, the “CMBS Debtors”), as well as Northern NV Acquisitions, LLC, Reno Land Holdings, LLC, River Central, LLC and Tropicana Station, LLC, are all either direct or indirect wholly owned subsidiaries of SCI. Certain of the CMBS Debtors issued a mortgage loan and related mezzanine financings in the aggregate principal amount of \$2.475 billion (the “CMBS Loans”). The CMBS Loans are collateralized by substantially all fee and leasehold real property comprising Palace Station Hotel & Casino, Boulder Station Hotel & Casino, Sunset Station Hotel & Casino, and Red Rock.

7. Filed concurrently herewith, and incorporated herein by reference, is the Omnibus Declaration of Thomas M. Friel in Support of the Debtors’ Chapter 11 Petitions and First Day Motions, which contains more detail on the Debtors’ assets, liabilities, equity ownership, business operations and business plans.

## **II. Jurisdiction and Venue**

8. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b).

## **III. Relief Requested**

9. As of July 18, 2009, the Debtors employed approximately 663 persons (collectively, the “Debtors’ Employees”). To maintain operations and to thereby preserve the value of the Debtors’ estates, it is essential that the Debtors retain the uninterrupted service of the Debtors’ Employees. Thus, the Debtors request from the Court the entry of an order, in the form

1 attached hereto as Exhibit C (the “Interim Order”), (i) authorizing, but not requiring, the Debtors  
 2 to pay in the ordinary course of business claims for all Prepetition Wages, all Prepetition  
 3 Accrued Vacation, all Prepetition Medical Plan Amounts, all Prepetition Dental and Vision Plan  
 4 Amounts, all Prepetition Life and AD&D Plan Amounts, all Prepetition Short-Term Disability  
 5 Plan Amounts, all Prepetition Supplemental Plan Amounts, all Prepetition 401(k) Plan Amounts,  
 6 all Prepetition TMAP Amounts, all Prepetition Childcare Amounts, all Prepetition COBRA  
 7 Benefits Amounts, all Prepetition Unreimbursed Expenses, all Prepetition Temporary  
 8 Employment Obligations, and all Incidental Costs (as all such terms are defined below)  
 9 (collectively, the “Prepetition Employee Obligations”), pending entry of a final order in the form  
 10 attached hereto as Exhibit D (the “Final Order”), (ii) authorizing and directing the applicable  
 11 banks and other financial institutions (the “Disbursement Banks,” as listed on Exhibit A hereto)  
 12 to receive, honor and pay all checks and electronic payment requests drawn on the Debtors’  
 13 disbursement accounts and automatic payroll transfers related to such obligations, pending entry  
 14 of the Final Order, and (iii) setting a final hearing (the “Final Hearing”) on the relief requested  
 15 herein. Absent the relief requested, the Debtors’ Employees would likely suffer personal  
 16 hardship, which would, in turn, harm morale, thereby hurting the Debtors’ operations and  
 17 productivity as well as their prospects for a successful reorganization.

18           10. As of July 18, 2009, the Station Group employed approximately 13,174  
 19 employees (collectively, the “Station Group Employees”). SCI procures certain employee  
 20 benefits and plans (collectively, the “Group Benefits”) on behalf of the Debtors’ Employees as  
 21 well as the other Station Group Employees. Prepetition, all costs associated with the Group  
 22 Benefits (other than costs paid directly by the Station Group Employees) were paid by SCI. The  
 23 majority of Station Group Employees are employees of SCI’s non-debtor subsidiaries, however,  
 24 and thus the Debtors anticipate that, postpetition, all costs associated with the Group Benefits  
 25 (other than costs paid directly by the Station Group Employees), including Group Benefits that  
 26 benefit the Debtors’ Employees, will be paid by the non-debtor subsidiaries. Specifically, the  
 27 costs associated with Group Benefits will be paid postpetition by Past Enterprises, Inc., which is  
 28

1 a wholly owned, non-debtor subsidiary of SCI. Cash flow generated by the non-debtor  
2 subsidiaries of SCI will generally be concentrated into an account held by Past Enterprises, Inc.

3 11. Procuring Group Benefits for all Station Group Employees together  
4 creates certain material cost savings, and separating the procurement process between the  
5 Debtors and the non-debtor subsidiaries would be onerous, expensive and impracticable. It is  
6 therefore essential that Group Benefits continue to be procured for all Station Group Employees  
7 as a group. Thus, Station requests from the Court that the Interim Order include an order  
8 authorizing, but not requiring, the Debtors to continue to procure Group Benefits for all of the  
9 Station Group Employees, as described below and pending entry of the Final Order, with the  
10 understanding that SCI's non-debtor Subsidiaries will pay all costs associated with such Group  
11 Benefits (including costs paid on behalf of the Debtors' Employees).

12 12. In addition to the Prepetition Employee Obligations for which relief is  
13 sought, the Debtors also maintain certain plans for the benefit of its executives and upper  
14 management, including a Supplemental Executive Retirement Plan, a Supplemental Management  
15 Retirement Plan, and a Deferred Compensation Plan for Managers. At this time, the Debtors do  
16 not seek relief with respect to these plans, but the Debtors reserve their rights to seek relief with  
17 respect to these plans at a later date.

#### 18 IV. Prepetition Employee Obligations

19 13. As of the Petition Date, the Debtors owe aggregate Prepetition Employee  
20 Obligations of approximately \$4,000,000 in connection with 663 Debtors' Employees, which  
21 averages to approximately \$6,033 per each Debtors' Employee for wages and benefits. As  
22 described below, these Prepetition Employee Obligations consist of certain prepetition claims for  
23 wages, accrued vacations and other amounts owed to the Debtors' Employees and certain other  
24 amounts deducted from the Debtors' Employees' payroll for payment of payroll taxes and  
25 certain employee benefits.

26 14. Prepetition Employee Obligations are due and owing as of the Petition  
27 Date because, among other things:  
28

- a. Many payroll and expense reimbursement checks issued to Debtors' Employees prior to the Petition Date had not yet been presented for payment or had not yet cleared the bank and, accordingly, had not been honored and paid as of the Petition Date;
- b. Debtors' Employees had not yet been paid certain of their wages, salaries, and other accrued and contractual compensation for services previously rendered to the Debtors or had not yet been reimbursed for business expenses previously advanced on behalf of the Debtors; and
- c. Certain other forms of Prepetition Employee Obligations related to prepetition services, including, without limitation, vacation pay and withholdings for benefit plan contributions, had been accrued prior to the Petition Date but were not yet payable under their terms (for example, most Debtors' Employees had accrued vacation time that they had not yet used).

**A. Wages and Accrued Vacation**

**1. Wages, Salaries, and Payroll Deductions**

15. Prior to the Petition Date, Debtor SCI paid their full-time Debtors' Employees on either an hourly wage or salaried basis. None of the Debtors other than SCI has any employees. The SCI's employees are paid on biweekly pay periods. For SCI's pay period ending July 12, 2009, the aggregate biweekly gross payroll for its hourly employees was approximately \$241,168, and the aggregate biweekly gross payroll for all of its salaried employees was approximately \$1,585,570. For the pay period ending July 12, 2009, the biweekly gross payroll for all Debtors' Employees was therefore approximately \$1,826,738.

16. In the ordinary course of business, the Debtors withhold payroll-related taxes from the wages and salaries of their Debtors' Employees, as required by law, and pay such amounts to the applicable governmental authorities. These payroll-related taxes include federal withholding taxes, Nevada state withholding taxes, FICA taxes, Medicare payments, federal unemployment tax, Nevada state unemployment tax, and Nevada business tax. For the pay period ending July 12, 2009, approximately \$388,811 was withheld from the Debtors' Employees' wages and salaries.



1           17. On July 17, 2009, all of the Debtors' Employees were paid wages,  
2 salaries, and overtime for services provided through July 12, 2009. All such transactions,  
3 whether by check or automated clearing house direct deposit ("ACH Direct Deposits") were  
4 dated July 17, 2009. The Debtors' Employees have not been paid for wages, salaries, or  
5 overtime that have accrued from July 13, 2009 through the Petition Date (which represents the  
6 wages, salaries, and overtime for twelve days). All payments to Debtors' Employees for such  
7 latter period will be distributed on July 31, 2009, by means of checks or ACH Direct Deposits  
8 dated July 31, 2009.

9           18. The Debtors estimate (based on July 17, 2009 payroll data, which the  
10 Debtors believe to be a good approximation of the amounts currently owed) that, as of the  
11 Petition Date, they owe their 663 Debtors' Employees an aggregate of approximately \$2,089,254  
12 in prepetition wages, salaries, and overtime (collectively, "Prepetition Wages"), which averages  
13 to approximately \$3,151 per Debtors' Employee and which represents salary and wages for  
14 sixteen days since the end of the previous pay period. Of the 663 Debtors' Employees, all but  
15 twenty Debtors' Employees (the "Highest Wage Employees") have claims for Prepetition Wages  
16 less than \$10,950. Of the Highest Wage Employees, nine Debtors' Employees have claims for  
17 Prepetition Wages between \$11,000 and \$15,000, and seven have claims between \$15,000 and  
18 \$20,000. The other four Highest Wage Employees have claims totaling approximately \$206,945.  
19 The Debtors have a schedule listing the claims for Prepetition Wages, as well as Prepetition  
20 Accrued Vacation (as such term is defined below), of each Debtors' Employee (the "Employee  
21 Claim Schedule"). Because of its size, the Employee Claim Schedule is not attached to this  
22 Motion, but the Debtors will have the schedule available at the hearing on this Motion. The  
23 Debtors seek to be authorized, but not directed, to pay in the ordinary course of business all  
24 Prepetition Wages. The Debtors also seek to be authorized, but not directed, to pay in the  
25 ordinary course of business the payroll-related taxes to the appropriate governmental authorities  
26 that are payable as of the Petition Date but remain unpaid. Postpetition, the Debtors intend to  
27 continue to pay wages and salaries to the Debtors' Employees and pay all payroll-related taxes in  
28 the ordinary course of business and in a manner consistent with past practices.



1                   **2. Accrued Vacation**

2                   19.     The Debtors provide paid vacation to all eligible Debtors' Employees.  
3     Full-time, non-supervisory Debtors' Employees who have twelve months of continuous  
4     employment are entitled to paid vacation ranging from one to four weeks based on the length of  
5     their employment. Part-time, non-supervisory Debtors' Employees who have twelve months of  
6     continuous employment are entitled to paid vacations based on hours worked. Certain executive  
7     Debtors' Employees are entitled to four weeks of paid vacation regardless of the length of their  
8     employment. The value of the employees' vacation time fluctuates over time, but the aggregate  
9     value does not fluctuate dramatically. Based on the July 17, 2009 payroll data, the Debtors  
10    estimate the aggregate value of all Debtors' Employees' accrued and unused vacation time as of  
11    the Petition Date to be approximately \$1,761,463 (collectively, "Prepetition Accrued Vacation"),  
12    which averages to approximately \$2,657 per Debtors' Employee. None of the 663 Debtors'  
13    Employees have claims for Prepetition Wages and Prepetition Accrued Vacation that exceed, in  
14    aggregate, \$10,950, except for the twenty Highest Wage Employees and an estimated thirty-  
15    seven other Debtors' Employees. Of these estimated thirty-seven Debtors' Employees,  
16    aggregate claims for Prepetition Wages and Prepetition Accrued Vacation range from  
17    approximately \$11,121 to \$24,659 (twenty-five of these thirty-seven Debtors' Employees have  
18    claims less than \$15,000, and thirty-four have claims less than \$20,000). These estimated thirty-  
19    seven claims generally reflect combinations of relatively high base salaries and relatively large  
20    numbers of vacation days accrued in the ordinary course, without any additional special benefits.  
21    The Employee Claim Schedule (which the Debtors will have available at the hearing on this  
22    Motion) sets forth each Debtors' Employee's claims for Prepetition Wages and Prepetition  
23    Accrued Vacation. Exhibit B attached hereto sets forth the claims for Prepetition Wages and  
24    Prepetition Accrued Vacation for each Debtors' Employee with aggregate claims in excess of  
25    \$10,950. The Debtors seek authority to pay all claims for Prepetition Accrued Vacation in the  
26    ordinary course of business.

1        **B.        Employee Benefit Plans**

2                **1.    Medical, Vision and Dental Insurance**

3                20.        The Debtors provide medical, prescription, vision and dental benefits to all  
4 full-time Station Group Employees who have been employed for at least 180 days of continuous  
5 employment. Qualified Station Group Employees may participate in a Health Maintenance  
6 Organization (“HMO”) or a the Preferred Provider Organization (“PPO”). These benefits are  
7 Group Benefits that are procured by SCI on behalf of itself, the other Debtors and SCI’s non-  
8 debtor subsidiaries. Prepetition, SCI has paid all costs associated with the HMO and PPO,  
9 excluding premium amounts for which Station Group Employees are responsible. For June  
10 2009, SCI paid an aggregate of approximately \$4,177,471 for the HMO and PPO medical plans  
11 covering 9,578 participating Station Group Employees. Costs for which Debtors’ Employees are  
12 responsible are funded from biweekly payroll deductions. The Debtors anticipate that,  
13 postpetition, all costs of the HMO and PPO for all participating Station Group Employees  
14 (including costs paid on behalf of the Debtors’ Employees participating in such plans) will be  
15 entirely funded by SCI’s non-debtor subsidiaries (other than amounts for which Station Group  
16 Employees are responsible). The HMO and PPO medical plans are insured fully by Health Plan  
17 of Nevada, Inc.

18                21.        The providers of HMO and PPO plans provide invoices based on their  
19 estimate of the number of Station Group Employees participating in the plan. During the month,  
20 the Debtors and the HMO and PPO plan providers reconcile the invoices to reflect the actual  
21 number of employees, and at the end of the month, the HMO and PPO plan providers are paid  
22 based on the reconciled number of participating Station Group Employees. Because enrollment  
23 in the HMO and PPO may change on a daily basis, however, the actual number of participating  
24 Station Group Employees may, in the ordinary course of business, change from the reconciled  
25 number of participating Station Group Employees after the month’s payment has already been  
26 made. In such case, an adjustment (either a credit or an additional charge) is made to the  
27 following month’s invoice to the extent necessary to correct for the change in enrollment (an  
28 “Invoice Adjustment”). The Debtors do not believe that any amounts associated with the period

1 prior to the Petition Date are unpaid with respect to the HMO or PPO providers. However,  
2 changes in enrollment may have occurred prepetition, but after the latest month's invoice was  
3 paid. This would require an Invoice Adjustment to the next invoice. Any such Invoice  
4 Adjustment may reflect prepetition expenses of which the Debtors currently have no specific  
5 knowledge. The Debtors seek to be authorized, but not directed, to pay in the ordinary course of  
6 business any amounts associated with the HMO or PPO plans that are payable as of the Petition  
7 Date and that SCI's non-debtor subsidiaries fail to pay (the "Prepetition Medical Plan  
8 Amounts").

9           22. The dental plan is self-funded and is administered by UMR (an affiliate of  
10 UnitedHealthcare Services, Inc.). The vision plan is also self-funded and is administered by  
11 UnitedHealthcare Vision (an affiliate of UnitedHealthcare Services, Inc.). Under the terms of  
12 these self-insured plans, Debtors' Employees submit claims to the claims administrator of the  
13 plans, and the Station Group pays the claims administrator in accordance with the terms of the  
14 applicable plan. In addition, the Station Group has paid UMR and UnitedHealthcare Vision, Inc.  
15 a monthly administration fee, which varies from month to month depending on the number of  
16 Station Group Employees participating in the respective plans, and has paid a network access fee  
17 for the dental plan to Sierra Health and Life Insurance Company, Inc. For the month of June  
18 2009, the administration fees payable for coverage of 9643 participating Station Group  
19 Employees were approximately \$17,809 payable to UMR and \$11,960 payable to  
20 UnitedHealthcare Vision. The network access fee payable in June to Sierra Health and Life  
21 Insurance Company, Inc. was \$4,822. For the same month, claims payable to employees under  
22 both plans were an aggregate of approximately \$353,720. Prepetition, all claims and fees for all  
23 Station Group Employees were paid by SCI, and the Debtors anticipate that, postpetition, SCI's  
24 non-debtor subsidiaries will pay all such amounts for all participating Station Group Employees  
25 (including amounts paid on behalf of the participating Debtors' Employees). The Debtors do not  
26 believe that any amounts associated with the period prior to the Petition Date are unpaid with  
27 respect to the dental or vision providers or to employees except for any claims filed by plan  
28 participants in the ordinary course of business that have not yet been paid. The Debtors seek to

1 be authorized, but not directed, to pay in the ordinary course of business any amounts associated  
 2 with the dental or vision plans that are payable as of the Petition Date and that SCI's non-debtor  
 3 subsidiaries fail to pay (the "Prepetition Dental and Vision Plan Amounts"). Postpetition, the  
 4 Debtors intend to continue to maintain all of its medical, dental and vision plans in a manner  
 5 consistent with past practices, except that the Debtors anticipate that SCI's non-debtor  
 6 subsidiaries will pay all costs associated with the plans for all participating Station Group  
 7 Employees (including costs paid on behalf of the participating Debtors' Employees).

## 8 **2. Life and Accidental Death and Dismemberment Insurance**

9 23. The Debtors provide basic life and accidental death and dismemberment  
 10 ("AD&D") insurance for full-time Station Group Employees underwritten by Principal Life  
 11 Insurance Company. These policies are Group Benefits that are procured by SCI on behalf of  
 12 itself and its non-debtor subsidiaries. Prepetition, all premiums had been paid by SCI, and the  
 13 Debtors anticipate that, postpetition, all such amounts (including amounts paid on behalf of the  
 14 participating Debtors' Employees) will be paid by SCI's non-debtor subsidiaries. Benefits under  
 15 the basic life and AD&D policies equal to: (i) an aggregate \$32,000 in flat benefits per employee  
 16 for hourly employees; and (ii) for each salaried employee, a basic life benefit equal to the  
 17 employee's annual salary not to exceed \$300,000 and an AD&D benefit equal to double the  
 18 employee's annual salary plus \$2,000 not to exceed \$300,000. Debtors' Employees age seventy  
 19 or above receive basic life and AD&D benefits equal to half of the amounts described above.  
 20 The combined monthly premium for the basic life and AD&D policies described in this  
 21 paragraph varies from month to month, depending on the number of Station Group Employees  
 22 participating in the plan. For the month of June 2009, the combined monthly premiums for the  
 23 basic life and AD&D policies, covering 10,305 participating Debtors' Employees, were  
 24 approximately \$116,498. Full-time Debtors' Employees at certain of the Debtors' properties  
 25 may also purchase supplemental life insurance provided by Metropolitan Life Insurance  
 26 Company which cost is funded entirely by withholdings from Debtors' Employees' wages. The  
 27 Debtors believe that, as of the Petition Date, no amounts are owed for unpaid premiums for basic  
 28 life and AD&D benefits except for amounts that have been deducted from participants' wages

1 but that have not yet been paid to Metropolitan Life Insurance Company for supplemental life  
2 insurance coverage. The Debtors seek to be authorized, but not directed, to pay in the ordinary  
3 course of business any amounts associated with the basic life, AD&D and supplemental life  
4 insurance plans that are payable as of the Petition Date and that SCI's non-debtor subsidiaries  
5 fail to pay (the "Prepetition Life and AD&D Plan Amounts"). Postpetition, the Debtors intend to  
6 continue to maintain these plans in a manner consistent with past practices, except that the  
7 Debtors anticipate that SCI's non-debtor subsidiaries will pay all costs associated with the plans  
8 for all participating Station Group Employees (including costs paid on behalf of the participating  
9 Debtors' Employees).

### 10 **3. Short -Term Disability**

11 24. Full-time Station Group Employees are eligible to receive company-paid  
12 short-term disability insurance through Principal Life Insurance Company, covering disabilities  
13 up to 24 weeks. This insurance is a Group Benefit that is procured by SCI on behalf of itself and  
14 its non-debtor subsidiaries. Prepetition, SCI paid premiums associated with the plans, and the  
15 Debtors anticipate that, postpetition, all such premiums (including premiums paid on behalf of  
16 the participating Debtors' Employees) will be paid by SCI's non-debtor subsidiaries. For the  
17 month of June 2009, the aggregate monthly premiums, for coverage of 10,305 participating  
18 Debtors' Employees, were approximately \$147,675. The Debtors believe that, as of the Petition  
19 Date, no amounts are owed for unpaid premiums. Nevertheless, the Debtors seek to be  
20 authorized, but not directed, to pay in the ordinary course of business any amounts associated  
21 with the short-term disability plan that are payable as of the Petition Date and that SCI's non-  
22 debtor subsidiaries fail to pay (the "Prepetition Short-Term Disability Plan Amounts").  
23 Postpetition, the Debtors intend to continue to maintain this plan in a manner consistent with past  
24 practices, except that the Debtors anticipate that SCI's non-debtor subsidiaries will pay all costs  
25 associated with the plan for all participating Station Group Employees (including costs paid on  
26 behalf of the participating Debtors' Employees).

1                   **4. Supplemental Benefits for Executives and Management**

2                   25.     The Debtors provide special long-term disability insurance (the  
3                   “Management Long-Term Disability Plan”) to certain key members of management of the  
4                   Debtors and SCI’s non-debtor subsidiaries. The Management Long-Term Disability Plan is a  
5                   company-paid individual long-term disability insurance policy, underwritten by Principal  
6                   Financial Group, paying an additional monthly benefit equal to a combined monthly benefit  
7                   amount of 66% of the average of base salary plus bonus for the two plan years immediately  
8                   preceding the plan year in which the participating Station Group Employee’s employment is  
9                   terminated due to disability divided by twelve and subject to adjustment for other benefits  
10                  received. The monthly premiums for the Management Long-Term Disability Plan vary from  
11                  month to month, depending on the number of Station Group Employees participating in the plan.  
12                  As of the Petition Date, fifty-three Station Group Employee were a participant in the plan, and  
13                  premiums for June 2009 were approximately \$52,321. The Debtors also provide special  
14                  disability insurance, underwritten by Principal Financial Group, to one of its executives (the  
15                  “Executive Disability Insurance Plan”). For the month of June, premiums were approximately  
16                  \$5,617.

17                  26.     As a negotiated benefit, the Debtors provide the Exec-U-Care Medical  
18                  Plan to certain members of management of the Debtors and SCI’s non-debtor subsidiaries. The  
19                  plan is fully insured and underwritten by Jefferson Pilot Financial Insurance Company. Under  
20                  the plan, participating Station Group Employees first submit claims for medical care to their  
21                  basic medical plan and any remaining out-of-pocket expenses are then submitted to the Exec-U-  
22                  Care Medical Plan for reimbursement not to exceed \$10,000 per occurrence. The cost of the  
23                  plan varies from month to month, depending on the number of participants and their level of use.  
24                  As of the Petition Date, approximately twenty-three Station Group Employees were participants  
25                  in the Exec-U-Care Medical Plan. For June 2009, the cost of the plan to the Debtors was  
26                  approximately \$24,195.

1                   27.     The Debtors provide certain key executives with supplemental life  
2 insurance through several policies and carriers. The aggregate annual premiums for all  
3 participants are approximately \$231,345.

4                   28.     SCI procures each of the aforementioned supplemental benefit plans and  
5 insurance as a Group Benefit for the eligible executives and managers of the Debtors and SCI's  
6 non-debtor subsidiaries. Prepetition, SCI paid all costs and premiums associated with these  
7 plans and insurance, and the Debtors anticipate that, postpetition, SCI's non-debtor subsidiaries  
8 will pay all such amounts for all participating Station Group Employees (including amounts paid  
9 on behalf of the participating Debtors' Employees). The Debtors believe that, as of the Petition  
10 Date, no accrued amounts in connection with these plans and insurance remain unpaid.  
11 Nevertheless, the Debtors seek to be authorized, but not directed, to pay in the ordinary course of  
12 business any amounts associated with each of the aforementioned plans that are payable as of the  
13 Petition Date and that SCI's non-debtor subsidiaries fail to pay (the "Prepetition Supplemental  
14 Plan Amounts"). Postpetition, the Debtors intend to continue to maintain these plans in a  
15 manner consistent with past practices, except that the Debtors anticipate that SCI's non-debtor  
16 subsidiaries will pay all costs associated with the plans for all participating Station Group  
17 Employees (including costs paid on behalf of the participating Debtors' Employees).



1                   **5. 401(k) Retirement Savings Plan**

2                   29.     The Debtors sponsor a qualified 401(k) retirement savings plan for eligible  
3 Station Group Employees employed within the Station Group. The program permits eligible  
4 Station Group Employees to direct a portion of their wages into the plan. The 401(k) plan is  
5 funded entirely from deductions from the wages and salaries of the Station Group Employees  
6 and is administered by DWS Investments. For the payroll period that ended July 12, 2009, 7,302  
7 Station Group Employees participated in the 401(k) savings plan, from whose wages  
8 approximately \$498,963 was withheld. The Debtors seek to be authorized, but not directed, to  
9 pay to DWS Investments in the ordinary course of business all 401(k)-related funds that are  
10 payable as of the Petition Date but remain unpaid (the “Prepetition 401(k) Plan Amounts”).  
11 Postpetition, the Debtors intend to continue to maintain the 401(k) plan in a manner consistent  
12 with past practices.

13                   **6. Team Member Assistance Program**

14                   30.     The Debtors offer a program (the “Team Member Assistance Program”)  
15 that provides professional, confidential counseling to Station Group Employees to assist them  
16 with certain personal issues (e.g., marriage and family conflicts, child and adolescent problems,  
17 single parenthood, stress and anxiety, depression and grief, gambling problems, alcohol  
18 problems, drug problems, and financial troubles). The Team Member Assistance Program is a  
19 Group Benefit administered by Behavioral Healthcare Options, Inc., an affiliate of  
20 UnitedHealthcare Services, Inc. (“BHO”). BHO receives a monthly administration fee, which  
21 varies from month to month depending on the number of participants in the plan. The  
22 administrative fee for the month of June 2009, covering 13,252 participating Debtors’  
23 Employees, was approximately \$19,878. Prepetition, SCI paid all fees and costs associated with  
24 the Team Member Assistance Program, and the Debtors anticipate that, postpetition, all such  
25 amounts for all participating Station Group Employees (including amounts paid on behalf of the  
26 participating Debtors’ Employees) will be paid by SCI’s non-debtor subsidiaries. The Debtors  
27 believe that, as of the Petition Date, no accrued amounts in connection with the Team Member  
28 Assistance Program remain unpaid. Nevertheless, the Debtors seek to be authorized, but not

1 directed, to pay in the ordinary course of business any amounts associated with the Team  
2 Member Assistance Program that are payable as of the Petition Date and that SCI's non-debtor  
3 subsidiaries fail to pay (the "Prepetition TMAP Amounts"). Postpetition, the Debtors intend to  
4 continue to maintain this plan in a manner consistent with past practices, except that the Debtors  
5 anticipate that SCI's non-debtor subsidiaries will pay all costs associated with the plan for all  
6 participating Station Group Employees (including costs paid on behalf of the participating  
7 Debtors' Employees).

## 8 **7. Childcare Programs**

9 31. The Debtors offers certain Station Group Employees two types of  
10 childcare programs (both together, the "Childcare Programs"). Under one of the Childcare  
11 Programs, the Debtors have engaged Children's Choice Learning Centers, Inc. to provide 24-  
12 hour, on-site childcare services to Station Group Employees at certain of the Debtors' properties.  
13 Participants are charged a fee each time they use this service, and the amount of the fees is  
14 deducted from wages of the participants as they are incurred. Under the second Childcare  
15 Program, Station Group Employees may receive reimbursement for certain qualifying childcare  
16 expenses. Amounts reimbursed are deducted from the pre-tax wages of the reimbursed Station  
17 Group Employee, thereby allowing the Station Group Employee to pay childcare expenses with  
18 pre-tax wages. For the month of June 2009, the aggregate cost of the Childcare Programs to the  
19 Debtors was approximately \$32,031. The Debtors believe that, as of the Petition Date, the  
20 accrued and unpaid amounts in connection with both Childcare Programs is less than \$10,000, all  
21 of which represents amounts deducted from Station Group Employees' wages and salaries. The  
22 Debtors seek to be authorized, but not directed, to pay in the ordinary course of business this  
23 amount and any other amounts associated with the Childcare Programs that are payable as of the  
24 Petition Date (the "Prepetition Childcare Amounts") on behalf of the program participants  
25 (whether payable to Children's Choice Learning Centers, Inc. or the participant, depending on  
26 the Childcare Program). Postpetition, the Debtors intend to continue to maintain this plan in a  
27 manner consistent with past practices.  
28

## 8. COBRA Subsidy

32. Under the American Recovery and Reinvestment Act (the “ARRA”), certain employees of the Station Group who were or are involuntarily terminated between September 1, 2008 and December 31, 2009 receive a subsidy of 65% of the amount of their premiums for benefits (“COBRA Benefits”) arising under the Consolidated Omnibus Budget Reconciliation Act of 1985. Under this program, each of the participating terminated employees pay 35% of the applicable premiums for their COBRA Benefits to UMR, acting as the Station Group’s COBRA administrator. Prepetition, each month, UMR forwarded all such amounts collected from the terminated employees to SCI, and SCI would pay the full amount of the COBRA Benefits premiums (including the 35% paid by the terminated employee plus the remaining 65%) to Health Plan of Nevada, the provider of the COBRA Benefits. Under the ARRA, SCI received a credit towards its payroll taxes that fully reimbursed SCI for its 65% subsidy of the COBRA Benefits premiums. Postpetition, the Debtors intend to continue to maintain this program in a manner consistent with past practices, except that the Debtors anticipate that SCI’s non-debtor subsidiaries will receive the amounts collected by UMR and will pay all COBRA Benefits premiums to Health Plan of Nevada for all eligible terminated employees (included premiums of eligible employees terminated from the Debtors). For the month of June 2009, total COBRA Benefits premiums paid to Health Plan of Nevada was approximately \$87,375. The Debtors seek to be authorized, but not directed, to pay to D Health Plan of Nevada in the ordinary course of business all COBRA Benefits premiums that are payable as of the Petition Date but remain unpaid (the “Prepetition COBRA Benefits Amounts”).

### C. Miscellaneous Employment Expenses

#### 1. Expense Reimbursements

33. Many of the Debtors’ Employees regularly incur certain out-of-pocket, business-related expenses, such as necessary travel expenses. After incurring such expenses, the Debtors’ Employees are required to submit an expense report with appropriate supporting documentation. This report serves as the mechanism for the Debtors’ Employees to receive reimbursement for out-of-pocket travel related expenses (such as airfare, lodging, automobile

1 rentals and allowances, meals and miscellaneous expenses) within the Debtors' travel policy.  
2 Expense reports are also submitted for other business related activities, such as technical and  
3 professional fees, educational programs and supplies. Expense reports are processed in due  
4 course. In addition, certain full-time employees are eligible for an annual tuition reimbursement  
5 not to exceed five hundred dollars (\$500), and executive vice presidents of SCI are reimbursed  
6 for an annual physical examination and initiation and annual membership fees for a country club,  
7 lunch club or fitness club. Certain executives have credit cards chargeable to the company that  
8 may be used to incur business-related expenses.

9           34. The Debtors estimate that they owe the Debtors' Employees  
10 approximately \$100,000 for expenses incurred prior to the Petition Date that have not been  
11 reimbursed (the "Known Prepetition Unreimbursed Expenses"). Although the Debtors request  
12 that the Debtors' Employees submit reimbursement requests promptly after incurring expenses,  
13 not all of the Debtors' Employees do so. Accordingly, there may be other prepetition expenses  
14 outstanding of which the Debtors have no specific knowledge (collectively, with the Known  
15 Prepetition Unreimbursed Expenses, the "Prepetition Unreimbursed Expenses"). The Debtors  
16 seek to be authorized, but not directed, to pay the Debtors' Employees in the ordinary course of  
17 business for all Prepetition Unreimbursed Expenses that remain unpaid. Postpetition, the  
18 Debtors intend to continue its policies regarding expense reimbursements in a manner consistent  
19 with past practices.

## 20           **2. Temporary Employees**

21           35. The Debtors also employ temporary employees provided through  
22 temporary employment agencies. Generally, the temporary employment agencies provide  
23 invoices to SCI weekly or monthly, and upon receipt of payment from SCI, the temporary  
24 agencies pay the temporary employees they provide. On average, SCI pays approximately  
25 \$15,000 per month in connection with temporary employment. The Debtors estimate that the  
26 aggregate and unpaid prepetition obligations owed to temporary employment as of the Petition  
27 Date (the "Prepetition Temporary Employment Obligations") are in accordance with average  
28 costs, and the Debtors believe that payment of all Prepetition Temporary Employment

Obligations is necessary so that the temporary employment agencies will continue to provide adequate staffing for the Debtors. The Debtors seek to be authorized, but not directed, to pay in the ordinary course of business all Prepetition Temporary Employment Obligations that have accrued as of the Petition Date but remain unpaid. Postpetition, the Debtors intend to continue to engage temporary employment agencies in the ordinary course of business and in a manner consistent with past practices.

### **3. Incidental Costs**

36. The Debtors request that they be permitted, but not directed, to pay all costs incident to the Prepetition Employee Obligations. Such costs include, without limitation, all processing costs and payments made to outside professionals in order to facilitate the administration of the programs and policies related to the Prepetition Employee Obligations (the “Incidental Costs”).

### **4. Bonus Programs**

37. The Debtors provide a range of bonus programs to certain eligible Debtors’ Employees, including retention bonuses, guaranteed bonuses, stretch bonuses, and discretionary target bonuses. The continued postpetition payment of each of these bonuses will be the subject of a subsequent motion to be filed by the Debtors and are not the subject of this Motion. Nevertheless, each of these bonus programs is described below for sake of full disclosure.

38. Under the discretionary target bonus program, the Debtors provide certain eligible Debtors’ Employees in positions of management or above with a bonus if the company achieves certain performance criteria. If all such criteria are achieved, eligible Debtors’ Employees who are midlevel managers or directors can receive discretionary target bonuses of up to 15% to 25% of base salary, and eligible Debtors’ Employees who are general managers or vice presidents can receive discretionary target bonuses of up to 35% of base salary. In 2008, none of the business properties met their performance goals, and no discretionary target bonus was payable. As of the Petition Date, 228 Debtors’ Employees may be eligible to receive discretionary bonuses for 2009. The continued postpetition payment of discretionary bonuses

1 will be the subject of a subsequent motion to be filed by the Debtors and are not the subject of  
2 this Motion.

3 39. Under the Debtors' "stretch bonus" program, the Debtors provide bonuses  
4 to certain eligible Debtors' Employees in positions of management or above in SCI's food and  
5 beverage department and its facilities department if the Debtors' Employee's department  
6 achieves certain predetermined performance goals. Approximately \$219,500 in stretch bonuses  
7 were paid to approximately ten Debtors' Employees for the year 2008. No stretch bonuses  
8 remain unpaid for 2008. The continued postpetition payment of discretionary bonuses will be  
9 the subject of a subsequent motion to be filed by the Debtors and are not the subject of this  
10 Motion.

11 40. The Debtors pay to three of the Debtors' Employees guaranteed bonuses  
12 for which payment is not conditional upon the Debtors' Employees' or company's performance.  
13 Each guaranteed bonus automatically becomes payable on its annual payment date. In 2009,  
14 approximately \$263,750 in guaranteed bonuses were paid to the three participating Debtors'  
15 Employees for the year 2008. No guaranteed bonuses remain unpaid for 2008. The continued  
16 postpetition payment of guaranteed bonuses will be the subject of a subsequent motion to be  
17 filed by the Debtors and are not the subject of this Motion.

18 41. The Debtors also provide retention bonuses to certain Debtors' Employees  
19 under the Debtors' Long-Term Stay-On Performance Incentive Plan. Under this plan,  
20 participating Debtors' Employees receive a bonus if their employment with the Debtors  
21 continues through certain specified target dates. Each participating Debtors' Employee has a  
22 contract with SCI that specifies the amount of his or her bonus and target dates on which such  
23 amounts would become payable. Currently, approximately fifty-four Debtors' Employees who  
24 are senior executives or midlevel managers participate under the plan. If each participating  
25 Debtors' Employee was to remain employed with the Debtors through each of their respective  
26 target dates, the Debtors would pay the participating Debtors' Employees, in aggregate,  
27 approximately \$6,355,417 through June 2014. During the year 2009 through the Petition Date,  
28 approximately \$1,108,333 has been paid to participating Debtors' Employees under the plan, and

1 during the remainder of the year 2009, the plan would obligate the Debtors to pay one Debtors'  
2 Employee approximately \$50,000 (assuming such Debtors' Employee remains employed  
3 through December 2009). The continued postpetition payment of bonuses under the Long-Term  
4 Stay-On Performance Incentive Plan will be the subject of a subsequent motion to be filed by the  
5 Debtors and are not the subject of this Motion.

6 **V. Basis for Relief Requested**

7 42. The Bankruptcy Code provides a variety of bases for the relief requested  
8 herein. As discussed in detail below, pursuant to section 363(b) of the Bankruptcy Code, a  
9 debtor is authorized to use property of its estate in the ordinary course of business. The Debtors  
10 thus assert that section 363(b), in concert with the other Bankruptcy Code sections and policies  
11 mentioned below, authorize them to honor and pay prepetition compensation and benefits due  
12 and owing to the Debtors' Employees in the ordinary course of business. Further, the retention  
13 of the Debtors' Employees is necessary for the continued operation of the Debtors' business and  
14 to effectuate a successful reorganization. Consequently, the "necessity of payment" doctrine set  
15 forth in section 105 of the Bankruptcy Code supports the Debtors' requested relief. Finally,  
16 pursuant to section 507(a)(4)(A) of the Bankruptcy Code, claims of Debtors' Employees for  
17 "wages, salaries, or commissions, including vacation, severance, and sick leave pay" earned  
18 within 180 days before the Petition Date are afforded priority unsecured status to the extent of  
19 \$10,950 per Debtors' Employee. See 11 U.S.C. § 507(a)(4)(A). Similarly, section 507(a)(5) of  
20 the Bankruptcy Code provides that Debtors' Employees' claims for contributions to certain  
21 employee benefit plans are also afforded priority unsecured status to the extent of \$10,950 per  
22 Debtors' Employee covered by such plan, less any amount paid pursuant to section 507(a)(4).  
23 The relief requested herein will affect only the timing of the payment of these priority  
24 obligations.



**A. Paying Prepetition Employee Obligations is Necessary for the Debtors' Rehabilitation**

43. The “necessity of payment” doctrine embedded in section 105 of the Bankruptcy Code supports the Debtors’ request for relief. Under the “necessity of payment” doctrine, first enunciated by the United States Supreme Court (the “Supreme Court”) in Miltenberger v. Logansport, C. & S.W.R. Co., 106 U.S. 286 (1882), a bankruptcy court may use its equitable powers under section 105 of the Bankruptcy Code to permit a debtor in possession to pay prepetition claims when payment is necessary to effectuate the Debtors’ bankruptcy goals. See In re Ionosphere Clubs, Inc., 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (approving payment of prepetition wages due current employees where it is necessary to pay such claims in order to preserve and protect its business and ultimately reorganize and retain its currently working employees and maintain positive employee morale). The Ninth Circuit Court of Appeals has acknowledged the doctrine of necessity, stating in dicta: “[c]ases have permitted unequal treatment of pre-petition debts when necessary for rehabilitation, in such contexts as . . . pre-petition wages to key employees . . . .” Burchinal v. Cent. Wash. Bank (In re Adams Apple, Inc.), 829 F.2d 1484, 1490 (9th Cir. 1987).

44. The necessity of payment doctrine “teaches no more than, if payment of a claim which arose prior to reorganization is essential to the continued operation of the [business] during [the] reorganization, payment may be authorized even if it is made out of [the] corpus.” In re Lehigh & New England Ry. Co., 657 F.2d 570, 581 (3d Cir. 1981); see also Am. Hardwoods, Inc. v. Deutsche Credit Corp. (In re Am. Hardwoods, Inc.), 885 F.2d 621, 625 (9th Cir. 1989) (section 105 endows the bankruptcy court with general equitable powers, where not inconsistent with more specific law); In re Just for Feet, Inc., 242 B.R. 821, 825 (D. Del. 1999) (holding that section 105(a) “provides a statutory basis for the payment of prepetition claims” under the necessity of payment doctrine and noting the Supreme Court accepts the authority of the bankruptcy court “to authorize payment of prepetition claims when such payment is necessary for the debtor’s survival during chapter 11”); In re NVR L.P., 147 B.R. 126, 127 (Bankr. E.D. Va. 1992) (explaining that under section 105, the court can permit preplan

1 payments of a prepetition obligation “when essential to the continued operation of the debtor”);  
2 In re Gulf Air, Inc., 112 B.R. 152, 154 (Bankr. W.D. La. 1989) (“[R]etention of skills,  
3 organization, and reputation [ . . . ] must be considered valuable assets contributing to going  
4 concern value and aiding rehabilitation.”); In re Chateaugay Corp., 80 B.R. 279, 287 (Bankr.  
5 S.D.N.Y. 1987) (explaining that a bankruptcy court may exercise its equity powers under section  
6 105 to authorize the payment of prepetition claims where such payment is necessary to “permit  
7 the greatest likelihood of survival of the debtor and payment of creditors in full or at least  
8 proportionately”).

9           45. Any delay in paying Prepetition Employee Obligations could destroy the  
10 Debtors’ relationships with the Debtors’ Employees and irreparably impair employee morale at  
11 the very time when the dedication, confidence and cooperation of these employees is most  
12 critical. The Debtors face the imminent risk that their operations may be severely impaired if the  
13 Debtors are not immediately granted authority to make the payments described in this Motion.  
14 Debtors’ Employee support for the Debtors’ reorganization efforts is crucial to the success of  
15 those efforts, particularly given the unique knowledge the Debtors’ Employees have of the  
16 Debtors’ hotel and gaming operations. At this early stage of this Case, the Debtors simply  
17 cannot risk the substantial disruption to their business operations that would inevitably attend  
18 any decline in work force morale attributable to the Debtors’ failure to pay the Prepetition  
19 Employee Obligations.

20           46. Given the highly regulated and competitive nature of the Debtors’  
21 businesses and the Debtors’ financial situation, replacing key Debtors’ Employees vital to the  
22 Debtors’ continued operation may be extremely difficult. Accordingly, preserving Debtors’  
23 Employee morale and retaining the Debtors’ Employees is essential to the Debtors’ ability to  
24 maintain operations and attempt to reorganize their businesses. Because the amounts represented  
25 by the Prepetition Employee Obligations are needed to enable the Debtors’ Employees to meet  
26 their own personal obligations, absent the relief requested herein, the Debtors’ Employees could  
27 suffer undue hardship and, in many instances, serious financial difficulties. Moreover, without  
28

1 the requested relief, the stability of the Debtors will be undermined by the potential threat that  
 2 otherwise loyal Debtors' Employees at all levels will seek other employment.

3 **B. Paying Prepetition Employee Obligations is Permissible in the**  
 4 **Ordinary Course of the Debtors' Business**

5 47. Section 363(b)(1) of the Bankruptcy Code further supports granting the  
 6 relief request herein. Section 363(b)(1) provides that "[t]he trustee, after notice and a hearing,  
 7 may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11  
 8 U.S.C. § 363(b)(1). Courts acknowledge that a debtor's relationship with its employees,  
 9 including the terms and conditions of employment, are matters that are subject to the business  
 10 judgment of the debtor and may be managed by the debtor in the ordinary course of business.  
 11 See, e.g., In re Pac. Forest Indus., Inc., 95 B.R. 740, 743 (Bankr. C.D. Cal. 1989) ("Debtors'  
 12 Employees do not need court permission to be paid and are usually paid as part of the ongoing  
 13 operation of the business."). Courts often have permitted debtors to pay prepetition wage claims  
 14 in the ordinary course of business in response to a motion filed by the debtor in possession at the  
 15 very outset of the case. See COLLIER ON BANKRUPTCY ¶ 1507.05[1], at 507-26 (15th ed. rev.  
 16 2006). Accordingly, the Debtors' employee-relations matters are within the ordinary course of  
 17 business, including employee compensation and benefits matters.

18 48. Ultimately, payment of all Prepetition Employee Obligations in  
 19 accordance with the Debtors' prepetition business practices is in the best interests of the Debtors'  
 20 estates, creditors and all parties in interest and will enable the Debtors to continue to operate  
 21 their businesses in an economic and efficient manner without disruption. The relief sought  
 22 herein does not materially harm the Debtors' estates or creditors, as the vast bulk of the  
 23 Prepetition Employee Obligations that the Debtors seek authority to pay would be recoverable by  
 24 the Debtors' Employees as a priority claim if the Motion was denied.

25 **C. Due to Section 507, Payment of Prepetition Employee Obligations**  
 26 **Will Have a Minimal Impact on Unsecured Creditors**

27 49. The Debtors believe that nearly all of the Prepetition Employee  
 28 Obligations relating to the period prior to the Petition Date constitute priority claims under

1 sections 507(a)(4) of the Bankruptcy Code. As priority claims, the Prepetition Employee  
2 Obligations must be paid in full before any general unsecured obligations of the Debtors may be  
3 satisfied, and Bankruptcy Code Section 1129(a)(9)(B) requires that these claims be paid in full  
4 over time as a condition to confirmation of a plan (unless the employee agrees to different  
5 treatment). Accordingly, the relief requested herein will affect only the timing of the payment of  
6 these priority obligations and should not prejudice the rights of general unsecured creditors or  
7 other parties in interest.

8           50. The Debtors believe that none of the 663 Debtors' Employees, except for  
9 the approximately twenty Highest Wage Employees, have claims for prepetition salary in excess  
10 of \$10,950. As to the twenty Highest Wage Employees, nine of them have prepetition salary  
11 claims less than \$15,000, and seven of them have prepetition salary claims between \$15,000 and  
12 \$20,000. The other four have prepetition salary claims of \$26,110, \$37,978, \$43,956 and  
13 \$98,901, respectively.

14           51. The Debtors estimate that, of the 663 Debtors' Employees, fifty-seven  
15 Debtors' Employees (consisting of the twenty Highest Wage Employees plus thirty-seven others)  
16 have claims for prepetition wages and prepetition accrued vacation that, in aggregate, exceed  
17 \$10,950. Amounts of these claims range from approximately \$10,989 to \$271,978, of which  
18 twenty-six of the fifty-seven claims are less than \$15,000; thirty-eight are less than \$20,000;  
19 forty-five are less than \$30,000; fifty-one are less than \$40,000; and fifty-three are less than  
20 \$46,000. The remaining four claims have an aggregate value of approximately \$530,637 and  
21 represent claims by four of the twenty Highest Wage Employees.

22           52. The Debtors submit that, to the extent any Debtors' Employee is owed in  
23 excess of \$10,950 on account of Prepetition Employee Obligations, payment of such amounts is  
24 necessary and appropriate and may be authorized under sections 105(a) and 363(b) of the  
25 Bankruptcy Code. As to the twenty Highest Wage Employees, many of these Debtors' are  
26 generally senior management and executive officers of the Station Group who are key to the  
27 continued operation and success of the Debtors. The majority of the other Highest Wage  
28 Employees would not have claims exceeding \$10,950 except for the fact that the Petition Date is

1 sixteen days after the end of the previous pay period, i.e., their prepetition claims represent  
2 sixteen days' salary and wages. In addition, the salary claims of the twenty Highest Wage  
3 Employees represent their ordinary course salary, paid at prepetition levels, and payment of their  
4 full prepetition claims should not be prejudiced by fact that their claims exceed \$10,950. As to  
5 the Debtors' Employees with larger claims for prepetition accrued vacation, their claims  
6 generally reflect combinations of relatively high base salaries and relatively large numbers of  
7 vacation days accrued in the ordinary course, without any additional special benefits.

8 **D. The Bankruptcy Code and Applicable Case Law Support Granting**  
9 **the Relief Requested Herein**

10 53. Based on all of the foregoing, the Debtors seek to be authorized, but not  
11 directed, pursuant to sections 105(a), 363(b), and 507(a) of the Bankruptcy Code to pay the  
12 Prepetition Employee Obligations in the ordinary course of business.

13 54. With respect to payroll taxes, the payment of such taxes will not prejudice  
14 other creditors of the Debtors' estate, as the relevant taxing authorities generally would hold  
15 priority claims under section 507(a)(8) of the Bankruptcy Code in respect of such obligations.  
16 Moreover, the portion of the payroll taxes withheld from an Debtors' Employee's wages on  
17 behalf of the applicable taxing authority are held in trust. As such, these payroll taxes are not  
18 property of the Debtors' estates under section 541 of the Bankruptcy Code. See, e.g., Begier v.  
19 IRS, 496 U.S. 53 (1990) (withholding taxes are property held by a debtor in trust for another and,  
20 as such, are not property of the debtor's estate).

21 55. To the extent that a check issued or a funds transfer requested prior to the  
22 Petition Date for payment of Prepetition Employee Obligations has not cleared the particular  
23 bank as of the Petition Date, the Debtors also seek entry of an order (a) authorizing and directing  
24 the Disbursement Banks to honor such checks and/or funds transfer requests and (b) authorizing  
25 the Debtors to issue replacement checks, submit replacement funds transfer requests or provide  
26 other means of payment to the appropriate taxing authorities to the extent necessary to pay all  
27 outstanding prepetition taxes and regulatory fees described in the motion.  
28



**Exhibit A****DISBURSEMENT BANKS & ACCOUNTS**

<b>Bank</b>	<b>Address</b>	<b>Account Number</b>
Bank of America, N.A.	P.O. Box 798, Wichita, KS 67201	Station Casinos, Inc. Payroll Account
Bank of America, N.A.	P.O. Box 798, Wichita, KS 67201	Station Casinos, Inc Worker's Comp
Bank of America, N.A.	P.O. Box 798, Wichita, KS 67201	Station Casinos, Inc. Health Account – Benefit Planners



## **Exhibit B**

### **ESTIMATED PREPETITION WAGES AND PREPETITION ACCRUED VACATION TIME OF EMPLOYEES WITH CLAIMS IN EXCESS OF \$10,950**

The information is presented in alphabetical order of the names of the Debtors' Employees, but the actual names have been withheld to protect their privacy. The Debtors will have a copy of the same schedule with the names actually included at the hearing on the Motion, and can make the names available as required. The Debtors will make the names available to interested parties on execution of a confidentiality agreement.

<b>Debtors' Employee</b>	<b>Prepetition Wages</b>	<b>Prepetition Accrued Vacation</b>	<b>Total</b>
Employee No. 1	\$9,670	\$8,462	\$18,132
Employee No. 2	\$8,791	\$3,846	\$12,637
Employee No. 3	\$17,582	\$20,000	\$37,583
Employee No. 4	\$5,055	\$8,847	\$13,902
Employee No. 5	\$6,791	\$5,942	\$12,734
Employee No. 6	\$7,244	\$12,677	\$19,921
Employee No. 7	\$8,791	\$9,231	\$18,022
Employee No. 8	\$4,320	\$7,560	\$11,880
Employee No. 9	\$8,967	\$15,692	\$24,659
Employee No. 10	\$5,319	\$9,308	\$14,626
Employee No. 11	\$6,813	\$8,942	\$15,755
Employee No. 12	\$6,816	\$5,964	\$12,781
Employee No. 13	\$18,681	\$17,981	\$36,662
Employee No. 14	\$98,901	\$173,077	\$271,978
Employee No. 15	\$6,154	\$7,000	\$13,154
Employee No. 16	\$5,495	\$9,615	\$15,110
Employee No. 17	\$4,349	\$7,611	\$11,961
Employee No. 18	\$19,780	\$25,962	\$45,742
Employee No. 19	\$5,934	\$7,788	\$13,723
Employee No. 20	\$6,593	\$5,769	\$12,363
Employee No. 21	\$11,429	\$10,000	\$21,429
Employee No. 22	\$15,385	\$13,462	\$28,846
Employee No. 23	\$26,110	\$45,692	\$71,802
Employee No. 24	\$9,231	\$12,115	\$21,346
Employee No. 25	\$6,813	\$5,962	\$12,775

<b>Debtors' Employee</b>	<b>Prepetition Wages</b>	<b>Prepetition Accrued Vacation</b>	<b>Total</b>
Employee No. 26	\$4,754	\$8,319	\$13,073
Employee No. 27	\$5,055	\$6,192	\$11,247
Employee No. 28	\$10,989	\$9,615	\$20,604
Employee No. 29	\$43,956	\$38,462	\$82,418
Employee No. 30	\$7,692	\$6,731	\$14,423
Employee No. 31	\$18,110	\$22,185	\$40,295
Employee No. 32	\$7,033	\$8,615	\$15,648
Employee No. 33	\$8,132	\$7,115	\$15,247
Employee No. 34	\$13,187	\$4,615	\$17,802
Employee No. 35	\$10,075	\$13,223	\$23,298
Employee No. 36	\$12,308	\$3,231	\$15,538
Employee No. 37	\$5,275	\$9,231	\$14,505
Employee No. 38	\$14,286	\$25,000	\$39,286
Employee No. 39	\$37,978	\$66,462	\$104,440
Employee No. 40	\$5,495	\$6,731	\$12,225
Employee No. 41	\$10,989	\$0	\$10,989
Employee No. 42	\$6,593	\$5,769	\$12,363
Employee No. 43	\$12,646	\$22,131	\$34,777
Employee No. 44	\$10,989	\$6,731	\$17,720
Employee No. 45	\$5,934	\$5,192	\$11,126
Employee No. 46	\$4,044	\$7,077	\$11,121
Employee No. 47	\$14,286	\$12,500	\$26,786
Employee No. 48	\$19,780	\$12,115	\$31,896
Employee No. 49	\$6,791	\$8,913	\$15,704
Employee No. 50	\$16,044	\$14,038	\$30,082
Employee No. 51	\$7,912	\$4,846	\$12,758
Employee No. 52	\$6,154	\$5,385	\$11,539
Employee No. 53	\$5,934	\$7,788	\$13,723
Employee No. 54	\$5,495	\$7,212	\$12,706
Employee No. 55	\$4,778	\$8,362	\$13,140
Employee No. 56	\$8,791	\$7,692	\$16,484
Employee No. 57	\$6,593	\$5,769	\$12,363

## **Exhibit C**

Paul S. Aronzon (CA State Bar No. 88781)  
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Debtors and Debtors in Possession

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Proposed Local Reorganization Counsel for  
Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re:

NORTHERN NV ACQUISITIONS, LLC

- ☐ Affects this Debtor
- ☐ Affects all Debtors
- ☐ Affects Reno Land Holdings, LLC
- ☐ Affects River Central, LLC
- ☐ Affects Tropicana Station, LLC
- ☐ Affects FCP Holding, Inc.
- ☐ Affects FCP VoteCo, LLC
- ☐ Affects Fertitta Partners LLC
- ☒ Affects Station Casinos, Inc.
- ☐ Affects FCP MezzCo Parent, LLC
- ☐ Affects FCP MezzCo Parent Sub, LLC
- ☐ Affects FCP MezzCo Borrower VII, LLC
- ☐ Affects FCP MezzCo Borrower VI, LLC
- ☐ Affects FCP MezzCo Borrower V, LLC
- ☐ Affects FCP MezzCo Borrower IV, LLC
- ☐ Affects FCP MezzCo Borrower III, LLC
- ☐ Affects FCP MezzCo Borrower II, LLC
- ☐ Affects FCP MezzCo Borrower I, LLC
- ☐ Affects FCP PropCo, LLC

Chapter 11

Case No. BK-09-\_\_\_\_\_  
Jointly Administered

**INTERIM ORDER PURSUANT TO 11  
U.S.C. §§ 105(a), 363(b), AND 507(a)  
(i) AUTHORIZING PAYMENT OF  
WAGES, COMPENSATION AND  
EMPLOYEE BENEFITS, AND  
(ii) AUTHORIZING AND DIRECTING  
FINANCIAL INSTITUTIONS TO  
HONOR AND PROCESS CHECKS AND  
TRANSFERS RELATED TO SUCH  
OBLIGATIONS**

Hearing Date: July 30, 2009  
Hearing Time: 1:30 p.m.

1           Upon the motion, dated July 28, 2009 (the “Motion”),<sup>1</sup> Station Casinos, Inc. and  
 2 its affiliated debtors and debtors in possession (collectively, the “Debtors” or “Station”)<sup>2</sup> in the  
 3 above-captioned chapter 11 cases, for interim and final orders pursuant to sections 105(a),  
 4 363(b), and 507(a) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the  
 5 “Bankruptcy Code”) (i) authorizing, but not requiring, the Debtors to pay certain prepetition  
 6 employee-related obligations in the ordinary course of business; and (ii) authorizing and  
 7 directing the Debtors’ banks to receive, honor and pay all checks and electronic payment  
 8 requests drawn on the Debtors’ disbursement accounts and automatic payroll transfers related to  
 9 the foregoing; and upon consideration of the supporting declaration of Thomas M. Friel, sworn  
 10 to on July 24, 2009; and the Court having jurisdiction to consider the Motion, and the relief  
 11 requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the  
 12 Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b);  
 13 and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and  
 14 proper notice of the Motion having been provided; and it appearing that no other or further notice  
 15 need be provided; and the relief requested in the Motion being in the best interests of Station and  
 16 its estate and creditors; and the Court having determined that the legal and factual bases set forth  
 17 in the Motion establish just cause for the relief granted herein; and upon all of the proceedings  
 18 had before the Court and after due deliberation and sufficient cause appearing therefore, it is

19           **ORDERED** that the Motion is granted on an interim basis pending a final hearing  
 20 thereon (the “Final Hearing”) and entry of a superseding Final Order by this Court; and it is  
 21 further

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24           <sup>1</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Motion.

25           <sup>2</sup> The Debtors in these chapter 11 cases are Northern NV Acquisitions, LLC, Reno Land Holdings, LLC,  
 26 River Central, LLC, Tropicana Station, LLC, FCP Holding, Inc., FCP Voteco, LLC, Fertitta Partners LLC,  
 27 Station Casinos, Inc., FCP MezzCo Parent, LLC, FCP MezzCo Parent Sub, LLC, FCP MezzCo Borrower  
 28 VII, LLC, FCP MezzCo Borrower VI, LLC, FCP MezzCo Borrower V, LLC, FCP MezzCo Borrower IV,  
 LLC, FCP MezzCo Borrower III, LLC, FCP MezzCo Borrower II, LLC, FCP MezzCo Borrower I, LLC,  
 and FCP PropCo, LLC.

1           **ORDERED** that the Debtors are hereby authorized, but not directed, to pay all  
2 Prepetition Employee Obligations, as more fully described in the Motion, in the ordinary course  
3 of the Debtors' businesses and in accordance with the Debtors' stated policies; and it is further

4           **ORDERED** that the Debtors are hereby authorized, but not directed, to continue  
5 to procure Group Benefits for all of the Station Group Employees on the understanding that  
6 SCI's non-debtor Subsidiaries will pay all costs associated with such Group Benefits (including  
7 costs paid on behalf of the Debtors' Employees); and it is further

8           **ORDERED** that the Debtors' banks and financial institutions (the "Disbursement  
9 Banks"), including, but not limited to those set forth on Exhibit A annexed hereto, are authorized  
10 and directed to process, honor and pay, to the extent of funds on deposit, any and all prepetition  
11 checks, wire transfer requests or inter-company transfer requests issued by the Debtors in respect  
12 of any Prepetition Employee Obligations, whether pre or postpetition; and it is further

13           **ORDERED** that nothing in the Motion shall be deemed a request by the Debtors  
14 for authority to assume, and nothing in this Order shall be deemed authorization to assume, any  
15 executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code; and it is  
16 further

17           **ORDERED** that to the extent the Debtors believe necessary, the Debtors may  
18 serve a copy of this Order on each of the Disbursement Banks upon entry of this Order; and it is  
19 further

20           **ORDERED** that no payment sought in the Motion shall be permissible unless  
21 such payment is (i) made pursuant to an Interim or Final Order, as applicable, and (ii) otherwise  
22 consistent with the limitations set forth in the Interim Order Pursuant to 11 U.S.C. §§ 105, 361,  
23 362, 363, 364 and 552 and Fed. R. Bankr. P. Rule 4001(B), (C) and (D) (I) Authorizing the  
24 Debtors to (A) Use Cash Collateral; (B) Obtain Unsecured, Subordinated Post-Petition  
25 Financing; (C) Make Loans to Non-Debtor Subsidiaries, (II) Granting Adequate Protection to  
26 Prepetition Secured Parties, (III) Granting Related Relief, and (IV) Scheduling Final Hearing and  
27 the Budget (as defined therein); and it is further  
28

1                   **ORDERED** that the Final Hearing is set for \_\_\_\_\_ at \_\_\_\_\_  
2 (prevailing Pacific Standard Time); and it is further

3                   **ORDERED** that, notwithstanding any provision in the Federal Rules of  
4 Bankruptcy Procedure to the contrary, the Debtors are not subject to any stay in the  
5 implementation, enforcement or realization of the relief granted in this Interim Order, and the  
6 Debtors may, in their discretion and without further delay, take any action and perform any act  
7 authorized under this Interim Order; and it is further

8                   **ORDERED** that within \_\_\_\_ days of this Interim Order, the Debtors shall serve  
9 this Interim Order upon the Master Service List pursuant to the Court's Order Establishing  
10 Notice Procedures; and it is further

11                   **ORDERED** that notice of the Motion as provided therein shall be deemed good  
12 and sufficient notice of the Motion and the requirements of Bankruptcy Rule 6004(a) of the  
13 Federal Rules of Bankruptcy Procedure are hereby waived; and it is further  
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1                   **ORDERED** that nothing in the Motion or this Order shall be construed as  
2 impairing the Debtors' right to contest the validity or amount of any of the Prepetition Employee  
3 Obligations.

4  
5 SUBMITTED BY:

6 Paul S. Aronzon (CA State Bar No. 88781)  
7 Thomas R. Kreller (CA State Bar No. 161922)  
8 MILBANK, TWEED, HADLEY & McCLOY LLP  
9 601 South Figueroa Street, 30th Floor  
10 Los Angeles, California 90017

11 Proposed Reorganization Counsel for  
12 Debtors and Debtors in Possession

13 Bruce T. Beesley (NV SBN 1164)  
14 Laury Macauley (NV SBN 11413)  
15 LEWIS AND ROCA LLP  
16 50 West Liberty Street, Suite 410  
17 Reno, Nevada 89501  
18 [bbeesley@lrlaw.com](mailto:bbeesley@lrlaw.com); [lmacauley@lrlaw.com](mailto:lmacauley@lrlaw.com)

19 Proposed Local Reorganization Counsel for  
20 Debtors and Debtors in Possession

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###

**Exhibit A To Interim Order**

## DISBURSEMENT BANKS &amp; ACCOUNTS

<b>Bank</b>	<b>Address</b>	<b>Account Number</b>
Bank of America, N.A.	P.O. Box 798, Wichita, KS 67201	Station Casinos, Inc. Payroll Account
Bank of America, N.A.	P.O. Box 798, Wichita, KS 67201	Station Casinos, Inc Worker's Comp
Bank of America, N.A.	P.O. Box 798, Wichita, KS 67201	Station Casinos, Inc. Health Account – Benefit Planners

## **Exhibit D**

Paul S. Aronzon (CA State Bar No. 88781)  
Thomas R. Kreller (CA State Bar No. 161922)  
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Proposed Local Reorganization Counsel for  
Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re:

NORTHERN NV ACQUISITIONS, LLC

- ☐ Affects this Debtor
- ☐ Affects all Debtors
- ☐ Affects Reno Land Holdings, LLC
- ☐ Affects River Central, LLC
- ☐ Affects Tropicana Station, LLC
- ☐ Affects FCP Holding, Inc.
- ☐ Affects FCP VoteCo, LLC
- ☐ Affects Fertitta Partners LLC
- ☒ Affects Station Casinos, Inc.
- ☐ Affects FCP MezzCo Parent, LLC
- ☐ Affects FCP MezzCo Parent Sub, LLC
- ☐ Affects FCP MezzCo Borrower VII, LLC
- ☐ Affects FCP MezzCo Borrower VI, LLC
- ☐ Affects FCP MezzCo Borrower V, LLC
- ☐ Affects FCP MezzCo Borrower IV, LLC
- ☐ Affects FCP MezzCo Borrower III, LLC
- ☐ Affects FCP MezzCo Borrower II, LLC
- ☐ Affects FCP MezzCo Borrower I, LLC
- ☐ Affects FCP PropCo, LLC

Chapter 11

Case No. BK-09-\_\_\_\_\_  
Jointly Administered

**FINAL ORDER PURSUANT TO 11  
U.S.C. §§ 105(a), 363(b), AND 507(a)  
(i) AUTHORIZING PAYMENT OF  
WAGES, COMPENSATION AND  
EMPLOYEE BENEFITS, AND  
(ii) AUTHORIZING AND DIRECTING  
FINANCIAL INSTITUTIONS TO  
HONOR AND PROCESS CHECKS  
AND TRANSFERS RELATED TO  
SUCH OBLIGATIONS**

Hearing Date:  
Hearing Time:

1           Upon the motion, dated July 28, 2009 (the “Motion”),<sup>1</sup> Station Casinos, Inc. and  
2 its affiliated debtors and debtors in possession (collectively, the “Debtors” or “Station”)<sup>2</sup> in the  
3 above-captioned chapter 11 cases, for an order pursuant to sections 105(a), 363(b), and 507(a) of  
4 title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the “Bankruptcy Code”)  
5 (i) authorizing, but not requiring, the Debtors to pay certain prepetition employee-related  
6 obligations in the ordinary course of business; and (ii) authorizing and directing the Debtors’  
7 banks to receive, honor and pay all checks and electronic payment requests drawn on the  
8 Debtors’ disbursement accounts and automatic payroll transfers related to the foregoing; and  
9 upon consideration of the supporting declaration of Thomas M. Friel, sworn to on July 24, 2009;  
10 and the Court having jurisdiction to consider the Motion, and the relief requested therein in  
11 accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief  
12 requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being  
13 proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of  
14 the Motion having been provided; and it appearing that no other or further notice need be  
15 provided; and the relief requested in the Motion being in the best interests of Station and its  
16 estate and creditors; and the Court having determined that the legal and factual bases set forth in  
17 the Motion establish just cause for the relief granted herein; and upon all of the proceedings had  
18 before the Court and after due deliberation and sufficient cause appearing therefore, it is

19           **ORDERED** that the Motion is granted in its entirety; and it is further

20           **ORDERED** that the Debtors are hereby authorized, but not directed, to pay all  
21 Prepetition Employee Obligations, as more fully described in the Motion, in the ordinary course  
22 of the Debtors’ businesses and in accordance with the Debtors’ stated policies; and it is further  
23

---

24           <sup>1</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Motion.

25           <sup>2</sup> The Debtors in these chapter 11 cases are Northern NV Acquisitions, LLC, Reno Land Holdings, LLC,  
26 River Central, LLC, Tropicana Station, LLC, FCP Holding, Inc., FCP Voteco, LLC, Fertitta Partners LLC,  
27 Station Casinos, Inc., FCP MezzCo Parent, LLC, FCP MezzCo Parent Sub, LLC, FCP MezzCo Borrower  
28 VII, LLC, FCP MezzCo Borrower VI, LLC, FCP MezzCo Borrower V, LLC, FCP MezzCo Borrower IV,  
LLC, FCP MezzCo Borrower III, LLC, FCP MezzCo Borrower II, LLC, FCP MezzCo Borrower I, LLC,  
and FCP PropCo, LLC.

1           **ORDERED** that the Debtors are hereby authorized, but not directed, to continue  
2 to procure Group Benefits for all of the Station Group Employees on the understanding that  
3 SCI's non-debtor Subsidiaries will pay all costs associated with such Group Benefits (including  
4 costs paid on behalf of the Debtors' Employees); and it is further

5           **ORDERED** that the Debtors' banks and financial institutions (the "Disbursement  
6 Banks"), including, but not limited to those set forth on Exhibit A annexed hereto, are authorized  
7 and directed to process, honor and pay, to the extent of funds on deposit, any and all prepetition  
8 checks, wire transfer requests or inter-company transfer requests issued by the Debtors in respect  
9 of any Prepetition Employee Obligations, whether pre or postpetition; and it is further

10           **ORDERED** that nothing in the Motion shall be deemed a request by the Debtors  
11 for authority to assume, and nothing in this Order shall be deemed authorization to assume, any  
12 executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code; and it is  
13 further

14           **ORDERED** that to the extent the Debtors believe necessary, the Debtors may  
15 serve a copy of this Order on each of the Disbursement Banks upon entry of this Order; and it is  
16 further

17           **ORDERED** that all objections to the relief requested in the Motion have been  
18 overruled; and it is further

19           **ORDERED** that no payment sought in the Motion shall be permissible unless  
20 such payment is (i) made pursuant to an Interim or Final Order, as applicable, and (ii) otherwise  
21 consistent with the limitations set forth in the Interim Order Pursuant to 11 U.S.C. §§ 105, 361,  
22 362, 363, 364 and 552 and Fed. R. Bankr. P. Rule 4001(B), (C) and (D) (I) Authorizing the  
23 Debtors to (A) Use Cash Collateral; (B) Obtain Unsecured, Subordinated Post-Petition  
24 Financing; (C) Make Loans to Non-Debtor Subsidiaries, (II) Granting Adequate Protection to  
25 Prepetition Secured Parties, (III) Granting Related Relief, and (IV) Scheduling Final Hearing and  
26 the Budget (as defined therein); and it is further

27           **ORDERED** that, notwithstanding any provision in the Federal Rules of  
28 Bankruptcy Procedure to the contrary, the Debtors are not subject to any stay in the

1 implementation, enforcement or realization of the relief granted in this Order, and the Debtors  
2 may, in their discretion and without further delay, take any action and perform any act authorized  
3 under this Order; and it is further

4 **ORDERED** that notice of the Motion as provided therein shall be deemed good  
5 and sufficient notice of the Motion and the requirements of Bankruptcy Rule 6004(a) are hereby  
6 waived; and it is further

7 **ORDERED** that nothing in the Motion or this Order shall be construed as  
8 impairing the Debtors' right to contest the validity or amount of any of the Prepetition Employee  
9 Obligations.

10  
11 SUBMITTED BY:

12 Paul S. Aronzon (CA State Bar No. 88781)  
13 Thomas R. Kreller (CA State Bar No. 161922)  
14 MILBANK, TWEED, HADLEY & McCLOY LLP  
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17 Proposed Reorganization Counsel for  
18 Debtors and Debtors in Possession

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24 [bbeesley@lrlaw.com](mailto:bbeesley@lrlaw.com); [lmacauley@lrlaw.com](mailto:lmacauley@lrlaw.com)

25 Proposed Local Reorganization Counsel for  
26 Debtors and Debtors in Possession

27  
28 ###

**Exhibit A To Final Order**

## DISBURSEMENT BANKS &amp; ACCOUNTS

Bank	Address	Account Number
Bank of America, N.A.	P.O. Box 798, Wichita, KS 67201	Station Casinos, Inc. Payroll Account
Bank of America, N.A.	P.O. Box 798, Wichita, KS 67201	Station Casinos, Inc Worker's Comp
Bank of America, N.A.	P.O. Box 798, Wichita, KS 67201	Station Casinos, Inc. Health Account – Benefit Planners